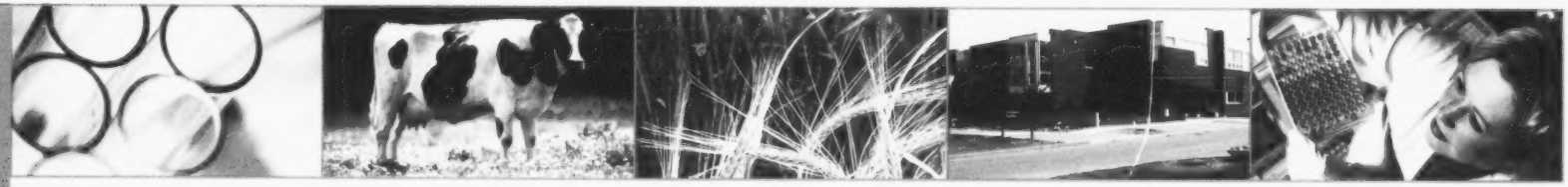
Agricultural Research Institute of Ontario (ARIO)

Annual Report 2008-2009

Agricultural Research Institute of Ontario (ARIO)



Annual Report 2008-2009

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Ministry Vision and Role of the ARIO

Ministry Vision

"Thriving rural Ontario, agriculture, and food sectors."

Ministry Mission

"A catalyst for transforming our agriculture and food sectors and rural communities for a healthy Ontario."

The Ontario Ministry of Agriculture, Food and Rural Affairs invests significantly in research, education, technology transfer and analytical and diagnostic services to achieve the above vision. A strategic and coordinated priority setting system is integral to funding excellent research. The Agricultural Research Institute of Ontario is an important part of such a system.

Role of the Agricultural Research Institute of Ontario (ARIO)

The Agricultural Research Institute of Ontario (ARIO) fills a unique role in providing advice on strategic directions for research activities that contribute to prosperous, competitive and sustainable agricultural, food and rural sectors in Ontario. The Institute was created in 1962 under the Agricultural Research Institute of Ontario Act and reports to the Minister of Agriculture, Food and Rural Affairs. ARIO's mandate, as defined by the Act, is to advocate areas of research for the betterment of agriculture, veterinary medicine and consumer studies and to increase production efficiency and marketing of agricultural products by stimulating interest in research.

ARIO Mission Statement:

ARIO, as appointed representatives of the agri-food sector, are dedicated to the strategic use of science and innovation to enhance the sustainability and profitability of Ontario's agri-food and rural sectors.

ARIO is composed of up to 15 members appointed by the Minister of Agriculture, Food and Rural Affairs.

2008-2009 ARIO Members

Doug Cleary – term ended Feb. 2009
Cole Cacciavillani – term ended Feb. 2009
Dr. Tom Sanderson – term ended Nov. 2009
Dr. Alma Conn – term ended Nov. 2009

Dr. Larry Milligan
Stewart Cressman
Larry Skinner
Greg Hannam
Ezio DiEmanuele (ex officio)
Dr. Moni Eino
Dr. Gord Surgeoner

Elizabeth Johnston – appointed Sept. 2009
Dr. Rebecca Baker – appointed Oct. 2009
Dr. Om Dangi – appointed Dec. 2008
Paul Henderson – appointed Dec. 2008

Secretariat support to ARIO is provided by the Research and Innovation Branch (OMAFRA):

Dr. Gwen Zellen, Director
Rob Cunnington CA, Comptroller
Dr. Oswald Zachariah, Manager – Research Program Coordination
Jeff Schieck, Manager – Finance, Infrastructure and Administration

Letter from the Chair

Guelph, Ontario
March 1, 2010

Honourable Carol Mitchell
Minister of Agriculture, Food and Rural Affairs
Legislative Buildings
Toronto, Ontario M7A 1A3

Dear Minister Mitchell:

I am pleased to submit the 45th annual report of the Agricultural Research Institute of Ontario (ARIO) for the fiscal year April 1, 2008 to March 31, 2009.

We have made significant progress over the past year. Our achievements include our providing strategic advise to the ministry that formed the basis of a new research priority setting system, a review of the Institute's governance structure, the introduction of four research programs in Bioproducts, Food, Sustainable Rural Communities, and Resource Management and Environment, and providing ongoing leadership and advice relating to issues facing agri-food research in Ontario.

We are also pleased with the implementation of our new business plan. Along with OMAFRA, we are defining a new infrastructure strategy for agri-technology research, development and application in the province. This is a wonderful opportunity to modernize and refocus our research infrastructure. We are hoping that the new strategy will provide us with the supporting platform infrastructure necessary to conduct and apply agri-technology research, as we move from commodity based to value added end products, making Ontario a leading agricultural producer internationally.

The Agricultural Research Institute of Ontario continues to be very encouraged by the ministry's receptiveness to our advice. We appreciate the excellent work done by the ministry and its staff in implementing many of our key recommendations.

I would also like to thank Dr. Larry Milligan, the Vice Chair of the Institute for his service as Acting Chair and for overseeing the preparation of this year's annual report.

This report summarizes the activities of the ARIO over the past fiscal year. I trust you will find the information useful.

Sincerely,

Stewart Cressman,
Chair, Agricultural Research Institute of Ontario

Chair and Director's Report

The 2008-2009 fiscal year has been another exciting and active year for the Agricultural Research Institute of Ontario (ARIO), with the introduction of four new research programs, and the development and implementation of our new Research & Development infrastructure strategy.

ARIO members had the privilege of providing strategic direction to four dynamic agri-food and rural research programs this year. These four research programs were the results of competitions for Bioproducts, Food, Sustainable Rural Communities, and Resource Management and Environment research programs at the University of Guelph.

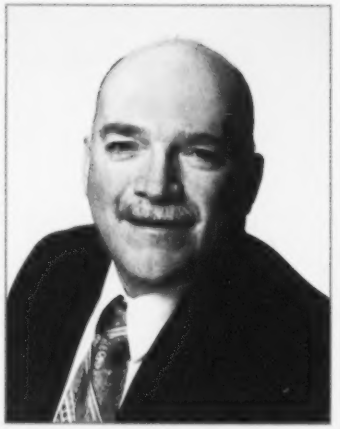
The Ontario agri-food sector has enormous potential to provide world class research and innovation. However, just as research needs and priorities evolve, so do the needs for the supporting facilities and infrastructure. Recently ARIO has been in the process of developing a reinvestment strategy for this infrastructure and has completed the process of reviewing and assessing the current portfolio, taking into consideration current and future needs as we transition our research system in the province from one of primary commodity production to a system focused on value added end products with embedded values.

ARIO's mission is to facilitate leadership and investment in research infrastructure fundamental to the enhancement of Ontario's agri-technology value-chain. KPMG LLP was chosen to assist the ARIO with the development of this comprehensive agri-food R&D Infrastructure Strategy. The work, which began in 2008-09, comprised three core dimensions of analysis:

1. Benchmarking research on what constitutes leading practice internationally for supporting infrastructure necessary to conduct and apply agri-technology research for the purposes of maximizing value-added economic development.

2. Comprehensive stakeholder engagement with over fifty representatives of the Ontario agri-technology community in each major sector and region to identify their future needs and current understanding of our provincial research infrastructure.

3. Detailed assessment of the objectives, relationships and performance of the current and future agri-technology infrastructure system in Ontario through numerous working sessions with ARIO, OMAFRA and University of Guelph.



Stewart Cressman, Chair
Agricultural Research
Institute of Ontario

Karen Chan,
Director of Research
Agricultural Research
Institute of Ontario

In their report, KPMG recommended an infrastructure framework, that when implemented, will result in:

- ARIO owned research stations that are more integrated, and operate more efficiently;
- Greater use of partnerships, including producers, processors, retailers and consumers;
- State-of-the-art infrastructure which provides the appropriate technologies to produce leading edge research for the benefit of society;
- Infrastructure which provides platforms, that are unique to Ontario and that complements other infrastructure provincially and nationally.
- Participation from all levels of government, across educational institutions, and across industry;
- Research facilities that attract the best researchers from around the world; and
- Infrastructure that is a platform for research along the value chain to commercialization, and increased receptor capacity for implementation in Ontario as our research system moves from one of commodity production to one of value added end products addressing niche markets locally and globally.

ARIO has made several recommendations on the strategy and its implementation to the Minister of Agriculture, Food and Rural Affairs for consideration.

We look forward with optimism to the next year of innovative research, engaging the agri-food industry to identify opportunities to better use and enhance our research infrastructure, and providing strategic advice to the minister of the province's agri-food research and innovation agenda.

Stewart Cressman,
Chair, Agricultural Research Institute of Ontario

Karen Chan, Director of Research
Agricultural Research Institute of Ontario

Financial Information

Statement of Management's Responsibility for Financial Reporting

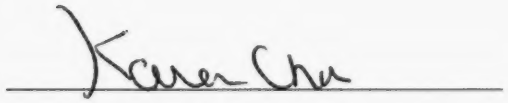
The accompanying financial statements of the Agricultural Research Institute of Ontario (ARIO) have been prepared in accordance with Canadian generally accepted accounting principles. Management is responsible for the accuracy, integrity, and objectivity of the information contained in the financial statements.

The preparation of financial statements necessarily involves the use of estimates based on management's best judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. These financial statements have been prepared within reasonable limits of materiality with information available up to and including May 15, 2009.

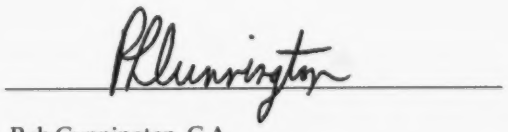
In discharging its responsibility for the integrity of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained.

The financial statements have been examined by RLB LLP, independent external auditors appointed by the Ontario Ministry of Agriculture, Food and Rural Affairs on behalf of ARIO. The external auditors' responsibility is to express an opinion on whether the financial statements are presented fairly in accordance with generally accepted accounting principles. The Auditors' Report outlines the scope of their examination and opinion.

On behalf of management:



Karen Chan
Director of Research



Rob Cunnington, C.A.
Comptroller

Auditors' Report

Chartered Accountants
and Business Advisors

To the Members of: Agricultural
Research Institute of Ontario

We have audited the statement of financial position of Agricultural Research Institute of Ontario as at March 31, 2009 and the statement of revenues and expenditures and changes in fund balances for the year then ended. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Institute as at March 31, 2009 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

RLB LLP

Guelph, Ontario
May 15, 2009

Chartered Accountants
Licensed Public Accountants

Financial Information

Statement 1

Statement of Financial Position

As at March 31, 2009

ASSETS

	2009 (schedule 1)	2008
Cash	$ 2,457,643	$ 85,046
Temporary investments	8,097,554	10,230,784
Accounts receivable	415,639	538,137
Capital assets (note 4)	56,706,068	58,876,358
	$ 67,676,904	$ 69,730,325

LIABILITIES

Accounts payable and accruals	$ 978,115	$ 890,119
Holdbacks payable	510,612	315,842
Unclaimed expenditures	6,985,970	4,462,728
Deferred capital contributions (note 5)	42,617,195	44,787,485
	51,091,892	50,456,174

NET ASSETS

Fund balances	16,585,012	19,274,151
	$ 67,676,904	$ 69,730,325

Statement 2

Statement of Revenues and Expenditures and Changes in Fund Balances

For the Year Ended March 31, 2009

			2009 (schedule 2)	2008
REVENUES				
	Research:	Grants - Provincial (note 8)	$ 2,675,724	$ 2,073,241
		Grants - Federal	230,000	979,926
		Grants - other	100,000	100,000
		Royalties	879,007	719,369
			3,884,731	3,872,536
	Property:	Grants - Provincial - Minor Capital (note 8)	4,250,000	4,250,000
		Rental income - Provincial	320,235	327,715
		Rental income - Private industry	626,848	586,430
		Operations and maintenance - Provincial	388,832	414,228
		Operations and maintenance - Private industry	6,887	9,722
		Transfer payments - payments in lieu of taxes (note 8)	357,000	357,000
		Payments in lieu of taxes	65,529	65,529
		Amortization of deferred capital contribution	2,170,289	2,170,289
			8,185,620	8,180,913
	Other:	Investment income	458,453	453,557
			12,528,804	**12,507,006**
EXPENDITURES				
	Research:	Research project/program	3,548,986	4,052,428
		Royalty expenses	752,417	671,452
			4,301,403	4,723,880
	Property:	Payments in lieu of taxes	651,759	469,741
		Minor capital	4,809,838	4,418,647
		Operations and maintenance	625,936	615,380
		Amortization of capital assets	2,170,289	2,170,289
			8,257,822	7,674,057
	Other:	Other expenses	216,892	278,615
			12,776,117	**12,676,552**
NET EXPENDITURES OVER REVENUES for the year			**(247,313)**	**(169,546)**
FUND BALANCES, beginning of year			**19,274,151**	**18,973,148**
NET AMOUNT TRANSFERRED (TO) FROM UNCLAIMED EXPENDITURES			**(2,523,242)**	**417,356**
UNREALIZED APPRECIATION IN INVESTMENTS			**81,416**	**53,193**
FUND BALANCES, end of year			**$ 16,585,012**	**$ 19,274,151**

Financial Information

Notes to the Financial Statements

For the Year Ended
March 31, 2009

1. NATURE OF BUSINESS

The Agricultural Research Institute of Ontario (ARIO) is a non profit corporate body reporting directly to the Ministry of Agriculture, Food and Rural Affairs. It was created by the ARIO Act (1962) with specific responsibilities over the co ordination and direction of agricultural research programs in Ontario. These programs relate to a broad range of commodities and disciplines, covering all aspects of the agri food system. In addition, ARIO manages the Vegetation Management Alternatives Program research fund on behalf of the Ministry of Natural Resources, and all funding is provided by the Ministry of Natural Resources.

Funding for programs supported by ARIO is available from three sources. The Ontario Government, through the Ministry of Agriculture, Food and Rural Affairs, is the primary source of funding. The Ontario Government also provides funding for the competitive research programs. The secondary source of funding is the Federal Government, mainly through Agriculture and Agri Food Canada (AAFC). Under the ARIO Act, the Institute may accept grants and donations for research. Other funds usually come from commercial sources (such as agri business, marketing boards, and producer associations) and can be either designated for specific projects or non designated. In addition, with the approval of the Minister of Agriculture, Food and Rural Affairs, ARIO is able to hold patents and earn royalties on research developments.

All receipts are held in trust by the Director of Research and are allocated in accordance with the terms of the funds.

The research funds are managed by the secretariat to ARIO as follows:

- Agricultural Research Institute of Ontario (ARIO)
- Alternative Renewable Fuels (ARF)
- Vegetation Management Alternatives Program (VMAP)
- New Directions Research Program
- Food Safety Research Program
- Life Science and Agri Food Innovation Fund (LAIF)
- Nutrient Management Joint Research Program (NMJRP)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) INVESTMENTS

Investments classified as available for sale are recorded at market value. Investments classified as held to maturity are recorded at amortized cost. Unrealized gains and losses on available for sale financial assets are included directly to the fund balance until the asset is removed from the statement of financial position.

(b) UNCLAIMED EXPENDITURES

Unclaimed expenditures are defined as the total approved budget for competitive research projects less expenses incurred to date.

(c) CAPITAL ASSETS

Capital assets are amortized using the following annual rate and method:

Buildings	- 40 years straight line

Notes to the Financial Statements

For the Year Ended
March 31, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) IMPAIRMENT OF LONG LIVED ASSETS

Long lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

(e) DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions are amortized at the same rate as the buildings to which they relate.

(f) INCOME TAXES

ARIO is a non profit organization within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

(g) RESTRICTIONS ON THE EXPENDITURE OF FUNDS

The purpose, funding, terms and conditions and duration of each research trust fund are stipulated in the relevant Order-in-Council, memorandum of understanding or Ministry correspondence.

(h) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(i) DEFERRAL METHOD

Agricultural Research Institute of Ontario follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

3. FINANCIAL INSTRUMENTS

Fair value of financial assets and financial liabilities

The carrying values of cash, accounts receivable, prepaid expenses, accounts payable, unclaimed expenditures and holdbacks approximate their fair value due to the relatively short periods to maturity of these items.

Notes to the Financial Statements

For the Year Ended March 31, 2009

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2009	Net 2008
LAND:				
Cambridge Railway Line	$ 9,793	$ 0	$ 9,793	$ 9,793
Colleges	3,099,400	0	3,099,400	3,099,400
Research Stations	10,979,680	0	10,979,680	10,979,680
	14,088,873	0	14,088,873	14,088,873
BUILDINGS:				
Colleges	27,423,615	2,194,581	25,229,034	27,423,615
Research Stations	19,682,292	2,294,131	17,388,161	17,363,870
	47,105,907	4,488,712	42,617,195	44,787,485
	$ 61,194,780	**$ 4,488,712**	**$ 56,706,068**	**$ 58,876,358**

As at March 6, 2007, the titles for capital assets (land and buildings) with a carrying value of approximately $60.9 million were transferred to ARIO from the Government of Ontario. Carrying value is being used as the transfer value since the transfer took place between non arm's length parties, is non monetary in nature and does not have commercial substance. As an agency of the Government of Ontario, ARIO reports these capital assets (and other assets and liabilities) in consolidation with the Ministry of Agriculture, Food and Rural Affairs on an annual basis.

5. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the net book value of the buildings transferred to ARIO from the Government of Ontario.

6. CONTRIBUTED ASSETS

Contributed assets represents the cost of the land transferred to ARIO from the Government of Ontario.

Notes to the Financial Statements

For the Year Ended March 31, 2009

7. ARIO RESEARCH FUND

	Designated Funds	Seed Royalty	Technology Transfer	Unpledged Equity	Total 2009	Total 2008
Grant income	$ 0	$ 0	$ 0	$ 130,000	$ 130,000	$ 260,115
Royalties	0	622,271	256,736	0	879,007	719,369
Investment income	267	49,393	47,021	8,887	105,568	59,597
	267	671,664	303,757	138,887	1,114,575	1,039,081
Expenses	37,918	456,433	302,818	189,976	987,145	1,022,687
Net (deficit) surplus for the year	(37,651)	215,231	939	(51,089)	127,430	16,394
Fund balance, beginning of the year	5,262	776,525	838,381	47,603	1,667,771	1,640,058
Transfer to LAIF	0	0	0	131,618	131,618	0
Unrealized appreciation in investments	0	8,307	7,030	1,108	16,445	10,057
Transfer from unclaimed expenditures	36,532	0	0	0	36,532	1,262
Fund balance, end of year	$ 0	$ 1,000,063	$ 846,350	$ 133,383	$ 1,979,796	$ 1,667,771

8. GRANTS RECEIVED FROM THE PROVINCIAL GOVERNMENT

	2009	2008
The following grants have been received from the Ministry of Agriculture, Food and Rural Affairs (OMAFRA):		
New Directions Research Program	$ 1,350,000	$ 450,000
Food Safety Research Program	500,000	500,000
Nutrient Management Joint Research Program	575,724	613,126
Alternative Renewable Fuels	250,000	250,000
	2,675,724	1,813,126
The following grant has been funded by the Ministry of Research and Innovation (MRI):		
Ontario Research Fund - indirect costs (OFRIC)	0	260,115
	$ 2,675,724	$ 2,073,241
Minor capital	4,250,000	4,250,000
Payments in lieu of taxes	357,000	357,000
	$ 7,282,724	**$ 6,680,241**

9. COMPARATIVE FIGURES

Prior year's figures have been reclassified to conform to the current year's presentation.

Financial Information

Research Trust Funds

Schedule 1 - Financial Position

As at March 31, 2009

	ARIO	Infrastructure	ARF	VMAP	New Directions	Food Safety	LAIF	NMJRP	Eliminations	March 31, 2009 Total (statement 1)
	$	$	$	$	$	$	$	$	$	$
ASSETS										
Cash	2,457,643									2,457,643
Temporary investments	8,097,554									8,097,554
Due from ARIO	0	2,768,581	850,546	518,052	3,109,085	842,049		336,947	(8,425,260)	0
Accounts receivable	268,373	23,262	94,074	3,226	19,362	5,244		2,098		415,639
Capital assets (note 4)	9,793	56,696,275								56,706,068
	10,833,363	59,488,118	944,620	521,278	3,128,447	847,293	0	339,045	(8,425,260)	67,676,904
LIABILITIES										
Due to other research trust funds	8,425,260								(8,425,260)	0
Accounts payable and accruals	426,857	14,673	122,012	47,725	204,848	155,725		6,275		978,115
Holdbacks payable					148,031	60,880		301,701		510,612
Unclaimed expenditures			702,111	392,621	5,015,021	876,217				6,985,970
Deferred capital contributions (note 5)		42,617,195								42,617,195
	8,852,117	42,631,868	824,123	440,346	5,367,900	1,092,822	0	307,967	(8,425,260)	51,091,892
FUND BALANCES	1,981,246	16,856,250	120,497	80,932	(2,239,453)	(245,529)	0	31,069		16,585,012
	10,833,363	59,488,118	944,620	521,278	3,128,447	847,293	0	339,045	(8,425,260)	67,676,904

See accompanying notes

Schedule 2 - Revenues and Expenditures

As at March 31, 2009

		ARIO (note 7)	Infrastructure	ARF	VMAP	New Directions	Food Safety	LAIF	NMJRP	March 31, 2009 Total (statement 2)
REVENUE		$	$	$	$	$	$	$	$	$
Research:	Grants - Provincial			250,000		1,350,000	500,000		575,724	2,675,724
	Grants - Federal	130,000		100,000						230,000
	Grants - Other			100,000						100,000
	Royalties	879,007								879,007
		1,009,007	0	450,000	0	1,350,000	500,000	0	575,724	3,884,731
Property:	Grants - Provincial - Minor Capital		4,250,000							4,250,000
	Rental income - Provincial		320,235							320,235
	Rental income - Private industry		626,848							626,848
	Operations and Maintenance - Provincial		388,832							388,832
	Operations and Maintenance - Private industry		6,887							6,887
	Transfer payments - payments in lieu of taxes		357,000							357,000
	Payments in lieu of taxes		65,529							65,529
	Amortization of deferred capital contribution		2,170,289							2,170,289
		0	8,185,620	0	0	0	0	0	0	8,185,620
Other:	**Investment income**	105,567	122,854	23,730	26,055	132,244	36,261		11,742	458,453
		1,114,574	**8,308,474**	**473,730**	**26,055**	**1,482,244**	**536,261**	**0**	**587,466**	**12,528,804**
EXPENDITURES										
Research:	Research project\program	37,918		227,562	253,624	1,683,940	664,587		681,355	3,548,985
	Royalties	752,417								752,417
		790,335	0	227,562	253,624	1,683,940	664,587	0	681,355	4,301,403
Property:	Payments in lieu of taxes		651,759							651,759
	Minor capital		4,809,838							4,809,838
	Operations and maintenance		625,936							625,936
	Amortization of capital assets		2,170,289							2,170,289
		0	8,257,822	0	0	0	0	0	0	8,257,822
Other:	Other expenses	195,358	21,534							216,892
		985,693	**8,279,356**	**227,562**	**253,624**	**1,683,940**	**664,587**	**0**	**681,355**	**12,776,117**
	Net revenue (expenses)	128,881	29,118	246,168	(227,569)	(201,696)	(128,326)	0	(93,889)	(247,313)
	Fund balance, beginning of year	1,667,771	16,805,775	548,524	9,080	485,576	66,162	131,618	(440,355)	19,274,151
	Net amount transferred from (to) unclaimed expenditures	36,531		(680,754)	295,427	(2,547,304)	(189,857)		562,715	(2,523,242)
	Unrealized appreciation in investments	16,445	21,357	6,559	3,994	23,971	6,492		2,598	81,416
	Inter fund transfer	131,618						(131,618)		0
	Fund balance, end of year	**1,981,246**	**16,856,250**	**120,497**	**80,932**	**(2,239,453)**	**(245,529)**	**0**	**31,069**	**16,585,012**

See accompanying notes

ARIO Highlights for 2008-2009

General

Membership

- Mr. Paul Henderson and Dr. Om P. Dangi were appointed as new members.
- Secretariat services are provided to ARIO by Research and Innovation Branch, OMAFRA. In order to improve research documentation, logistics, meetings and services support to ARIO members the ministry recruited a Research Liaison.

OMAFRA-University of Guelph Agreement

- A new OMAFRA-University of Guelph Agreement for the next 10 years was negotiated. This included a three-way agreement between ARIO, OMAFRA and the University of Guelph regarding the operation and funding of ARIO-owned infrastructure. The agreement was signed and took effect on April 1st, 2008.

Research Priority Setting

- ARIO reviewed the results from the research competitions for proposals in the theme areas of: Bioproducts, Food for Health, Sustainable Rural Communities, and Resource Management and Environment research programs at the University of Guelph, and endorsed the project funding recommendations.
- ARIO members led the ministry's future research priority setting process and agreed to be co-chairs for the expert panels.

Infrastructure

The 2008-09 fiscal year was the second full year of ARIO's ownership of 14 research facilities and three colleges.

ARIO Capital Program Plan

- OMAFRA provided $4.0 million in funding for the ARIO Minor Capital Program in 2008-09. This funding is divided into $3.0 million for building improvements and repairs and $1.0 million for program related capital investment.
- In 2008-09 the capital program supported 121 projects worth $4.8 million. The project priority list was established in consultation with OMAFRA and the University. Overall program and individual project level management was provided by the University of Guelph with OMAFRA oversight.

Ontario Equine Centre

- There is active interest by the Ontario Equine Centre (OEC) steering committee to develop a state of the art equine research at the Arkell Research Station. The OEC steering committee met with ARIO in November 2008 to update the members on the status of the proposed centre. The OEC was advised that long turn redevelopment and use of the site is the primary responsibility of the Ministry of Energy and Infrastructure (MEI).

Strategic Direction:

- ARIO commissioned KPMG in 2007 to develop a comprehensive long-term infrastructure strategy to guide future investment and decision making related to Ontario's agri-food and rural research and development infrastructure. The study was completed in 2008. ARIO made several recommendations on a future infrastructure strategy and its subsequent implementation to the Minister.
- The 2008-2011 ARIO Business Plan focused on the development of a long-term infrastructure reinvestment strategy for ARIO and the ministry.

Property Management:

- ARIO has agreed to transfer a narrow strip of land (approximately 2 acres in total) along Victoria Road to the City of Guelph for road widening in exchange for construction of berms and other work to protect the research plots from salt spray and road runoff. The sales agreement has been completed and is with the City for their signature. The transaction completing the land transfer will be finalized early in the 2009-10 fiscal year.
- The Vineland Research and Innovation Centre continues to investigate a transfer of site ownership as part of their future business model. ARIO will continue to retain control of the Vineland property until a final decision is made.
- As part of the infrastructure portfolio, ARIO has over 40 leases with a range of government, public sector and industry tenants. As of the end of the fiscal year, all tenants had current leases or had agreed to terms.
- One component of property management is the administration of a payments in lieu of taxes (PILS) program across all properties, totalled approximately $645,000.

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